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SAM PROVENZA - Greenville, Chairman
JESSE DAVIS - Abbeville, Vice Chairman
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VETERANS' HOME PURCHASE BOARD OF THE STATE OF MISSISSIPPI

MEMBERS OF BOARD
SAM FORBERT, JR - Meridian
CLIFTON MARSHALL - Hattiesburg
ROY SAWYER - Sardis

EXECUTIVE DIRECTOR
STERLING O. KNIGHT

FINANCIAL AUDIT FINDINGS

September 29, 2003

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

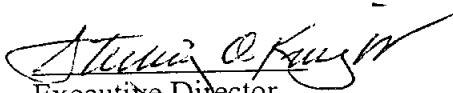
Dear Mr. Bryant:

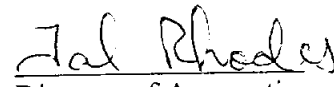
The management and members of the Board of Directors of the Veterans' Home Purchase Board wish to express our appreciation for the thoroughness and professionalism displayed by your staff and that of Breazeale, Saunders and O'Neil, the CPA firm, conducting our audit.

AUDIT FINDINGS

Independent Auditors' Finding and Recommendation With Respect To Internal Control Staff Size and Segregation of Duties

We concur with your recommendation that our segregation of duties could be improved with a larger office/accounting staff. We do feel our control environment and our monitoring of this environment mitigate this lack of staff. Management and the Board do and will continue to ensure the employees have a thorough understanding of the organizational structure, including how authority and responsibility are assigned. Management and the Board also ensure and will continue to ensure that its philosophy and operating style are communicated in writing to employees with emphasis on the importance of integrity and ethical values.


Executive Director


Director of Accounting
and Finance